

**AUSTRALIAN
COMMUNICATIONS
AUTHORITY**

AUSTRALIAN COMMUNICATIONS AUTHORITY

Section 1: Overview, appropriations and budget measures summary

OVERVIEW

The role of the Australian Communications Authority (ACA) is to contribute to an efficient, competitive and increasingly self-regulated communications sector that meets the needs of the Australian community.

The ACA contributes to the development of dynamic and efficient markets for radiocommunications and telecommunications products and services to maximise benefits to the Australian community by:

- Fostering industry self-regulation and competition while protecting consumers and other users;
- Facilitating efficient access to, and use of, the radiofrequency spectrum and telecommunications services and infrastructure;
- Providing advice to government, industry and the community; and
- Promoting Australia's communications interests internationally.

APPROPRIATIONS AND RESOURCING

The total appropriation for the ACA in the 2003-04 Budget is \$59.081m.

Table 1.1 shows the total appropriations for the ACA for 2003-04 by the two outcomes.

Australian Communications Authority — appropriations 2003-04

Table 1.1: Appropriations and other revenue

Outcome	Departmental (price of outputs) (\$'000)					Administered (\$'000)				Total appropriations (\$'000)
	Revenue from Government (appropriations)		Revenue from other sources ⁽⁴⁾	Price of outputs ⁽³⁾	Annual appropriations (\$'000)	Special appropriations ⁽⁵⁾	Total administered appropriation	Total appropriations		
	Bill No. 1	Special approps ⁽⁶⁾	Total			Bill No. 1	Bill No. 2 (SPPs & NAOs) ⁽²⁾			
	(A)	(B)	(C = A+B)	(D)	(E = C+D)	(F)	(G)	(H)	(I = F+G+H)	(J=C+I)
			(C1) ⁽¹⁾		(E1) ⁽¹⁾				(I1) ⁽¹⁾	
Outcome 1 - An efficient industry and a competitive market	48,780	-	48,780	1,219	49,999	-	-	-	-	48,780
					97.5%					
Outcome 2 - An informed community with consumer safeguards	10,301	-	10,301	-	10,301	-	-	-	-	10,301
					100%					
Total	59,081	-	59,081	1,219	60,300	-	-	-	-	59,081
			(K1) ⁽¹⁾							
						Departmental capital (equity injections and loans)			(K3) ⁽¹⁾	-
						Administered capital			(K4) ⁽¹⁾	-
						Total appropriations				59,081

- Cells C1, E1 and I1 refer to information provided in Table 2.2. Amount K1 refers to Budgeted Statement of Financial Performance, and amounts K3, K4 to Capital Budget Statements.
 - Under the appropriation structure, Bill No. 2 includes Specific Purpose Payments (SPP's), New Agency Outcomes (NAO's), administered capital and departmental capital via departmental injections and loans.
 - Refer to Budgeted Statement of Financial Performance for application of agency revenue.
 - Revenue from other sources includes other revenue from government (for example, resources free of charge) and revenue from other sources. Non-appropriated departmental and administered revenues are details in Table 1.3.
 - Estimated expenses from individual Special Appropriations are shown in Table 1.4.
- Note: Percentage figures indicate the percentage contribution of Revenue from Government (Departmental Appropriations) to the Total Price of Outputs, by outcome.

MEASURES — DEPARTMENT SUMMARY

Table 1.2: Summary of measures disclosed in the 2003-04 Budget

Measure	Outcome	Output affected	Appropriations budget			Appropriations forward			Appropriations forward			Appropriations forward		
			2003-04 (\$'000)			2004-05 (\$'000)			2005-06 (\$'000)			2006-07 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Premium rate telephone numbers - service provider rules	1	1.2	Nil	257	257	Nil	102	102	Nil	102	102	Nil	110	110
Premium rate telephone numbers - cost recovery for service provider rules ⁽¹⁾	1	1.2	Nil	Nil	Nil	(257)	Nil	(257)	(102)	Nil	(102)	(102)	Nil	(102)
Submarine telecommunications cables - protection	1	1.2	Nil	630	630	Nil	446	446	Nil	233	233	Nil	240	240
Submarine telecommunications cables - protection and cost recovery ⁽¹⁾	1	1.2	Nil	Nil	Nil	(630)	Nil	(630)	(446)	Nil	(446)	(233)	Nil	(233)
Freephone and Local Rate telephone number auctions	1	1.2	Nil	1,552	1,552	Nil	600	600	Nil	407	407	Nil	420	420

continued on next page

Table 1.2: Summary of measures disclosed in the 2003-04 Budget

Measure	Outcome	Output affected	Appropriations budget			Appropriations forw ar			Appropriations forw ar			Appropriations forw ar		
			2003-04 (\$'000)			2004-05 (\$'000)			2005-06 (\$'000)			2006-07 (\$'000)		
			Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total	Admin expenses	Dept outputs	Total
Freephone and Local Rate telephone number auctions ⁽²⁾	1	1.2	nfp	Nil	nfp	nfp	Nil	nfp	nfp	Nil	nfp	nfp	Nil	nfp
Telecommunications competition regulation - cost recovery ⁽¹⁾	1	1.2	Nil	Nil	Nil	(5,770)	Nil	(5,770)	(5,565)	Nil	(5,565)	(5,693)	Nil	(5,693)

⁽¹⁾ These measures are increases in administered revenues rather than decreases in administered expenses.

⁽²⁾ This is a capital measure.

REVENUE FROM INDEPENDENT SOURCES

Table 1.3: Revenue from Independent Sources

	Estimated revenue 2002-03 \$'000	Estimated revenue 2003-04 \$'000
Administered revenue		
Other taxes, fees and fines	115,738	117,808
Revenue from sale of assets	13	-
Other non-appropriation revenue	94,544	98,962
Total estimated revenue	210,295	216,770
Departmental revenue		
Sales of goods and services	410	419
Interest	700	800
Total estimated revenue	1,110	1,219

ADMINISTERED CAPITAL, DEPARTMENTAL EQUITY INJECTIONS AND LOANS

The ACA has not budgeted to receive any administered capital, equity injections or loans in the 2003-2004 Budget.

Section 2: Outcomes and outputs information

OUTCOMES AND OUTPUTS

Maps 1, 2 and 3 show the Outcome and Output structure of the ACA.

Financial details for Outcome 1 by Outputs appears in table 2.1.1 (Total Resources for Outcome 1) while non-performance information for Outcome 1 appears in table 2.2.1 (Performance Information for Outcome 1).

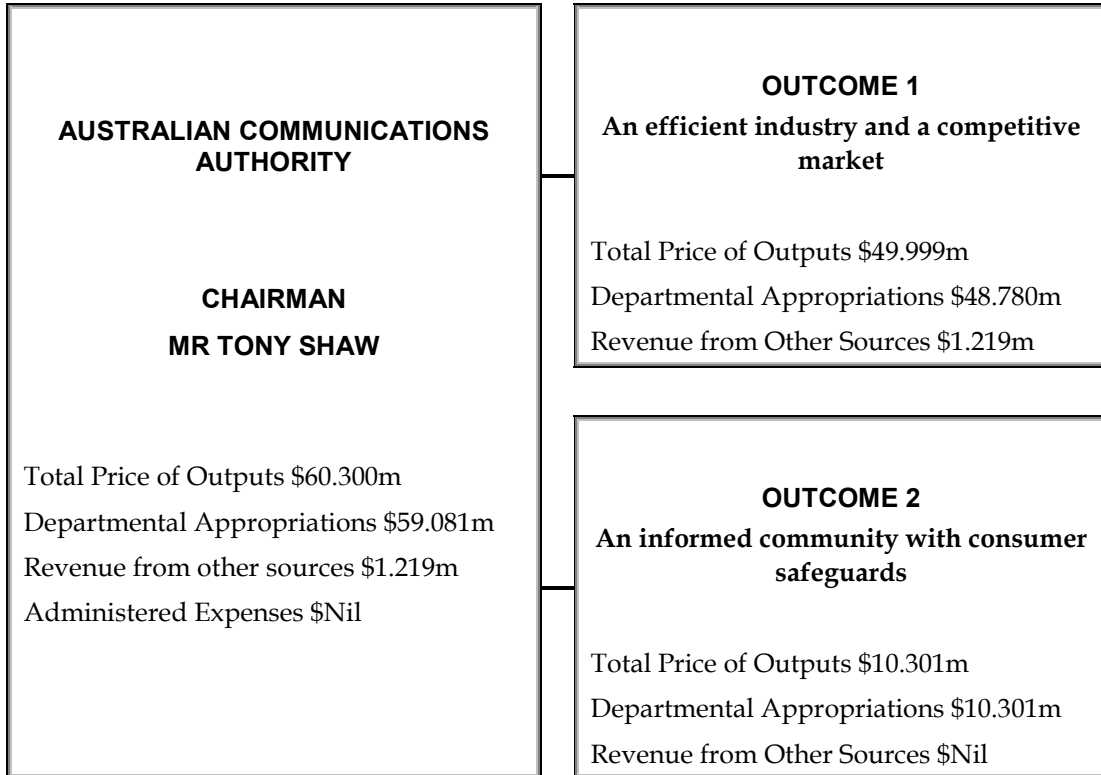
Financial details for Outcome 2 by Outputs appears in table 2.1.2 (Total Resources for Outcome 2) while non-performance information for Outcome 2 appears in table 2.2.2 (Performance Information for Outcome 2).

Output cost attribution

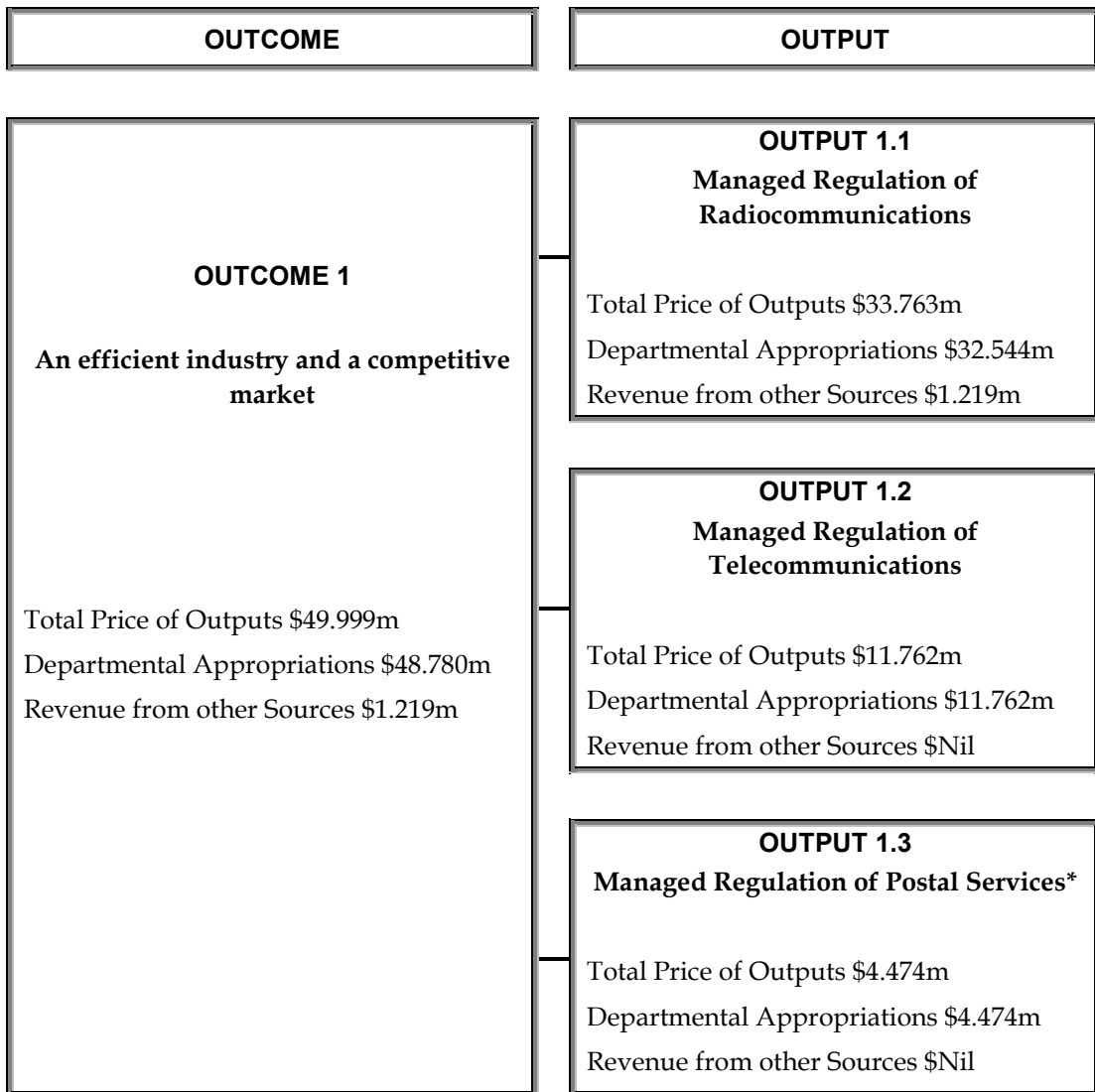
The ACA uses an Activity Based Costing (ABC) model to define the relationship between ACA's resources and its cost objects, outcomes and outputs. The ACA's resources are its groups and teams. Each team allocates its costs to different activities, which are then allocated to cost objects. The cost objects are then allocated to ACA outputs.

An external quality assurance review is performed on the model to confirm that it "utilises an appropriate activity-based costing methodology to allocate the Net Cost of Services of the Authority to Outputs and activities for the financial year".

Map 1: Outcome Structure



Map 2: Outcome 1 – contributing outputs



Note: Revenue from Government (Appropriations) contributes 97.5% to the Total Price of Outputs for Outcome 1 for 2003-04.

* Output is dependent on passage of legislation

CHANGES TO OUTCOMES AND OUTPUTS

There have been changes to the funding of Outcome 1 as a result of 2002-03 Additional estimates, therefore the Outcome/Output structure has changed.

There is no change to the Outcome 1 wording, however, an additional Output 1.3 Managed Regulation of Postal Services has been added to the structure.

Explanation of variations

Map 1 shows the Outcome and Output structure of the ACA.

A new output 1.3 Managed Regulation of Postal Services has been created, and the funding for Output 1.3 for 2003-2004 will be \$4.474m. This will enable the ACA to provide an assessment of Australia Post's service performance, and to maintain service levels by monitoring quality of service through customer surveys and complaints. These costs will be recovered from Australia Post.

OUTCOME 1 — DESCRIPTION

An efficient industry and a competitive market

In delivering this Outcome the ACA's key objectives are to achieve:

- a regulatory approach that promotes benefits to end-users and contributes to an efficient and competitive Australian communications industry;
- the efficient planning, allocation and use of national resources such as radiofrequency spectrum, telecommunications numbering and telecommunications infrastructure;
- reduction in the cost of regulation and of the ACA's services; and
- the fostering of industry self-regulation in a way which addresses public and national interest considerations without imposing undue financial and administrative burdens on the industry.

Measures affecting Outcome 1¹

Premium rate telephone numbers - service provider rules

Expense (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	0.3	0.1	0.1	0.1

The Government will provide funding of \$0.6 million over the next four years to the Australian Communications Authority (ACA) to develop, monitor and enforce service provider rules for premium rate numbers (190-numbers).

This funding will enable the ACA to make, where appropriate, service provider rules to regulate the supply of higher cost services, and to address concerns about unexpected high bills for these services.

Expenses for this measure will be fully recovered by the ACA from industry one year in arrears.

See also the related revenue measure titled *Premium rate telephone numbers - cost recovery for service provider rules* below.

Premium rate telephone numbers - cost recovery for service provider rules

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	-	0.3	0.1	0.1

The Government will increase carrier licence charges to fully recover expenses, one year in arrears, incurred by the Australian Communications Authority (ACA) to develop, monitor and enforce service provider rules for premium rate numbers (190-numbers).

The ACA will make, where appropriate, service provider rules to regulate the supply of higher cost services and to address concerns about unexpected high bills for these services.

See also the related expense measure titled *Premium rate telephone numbers – service provider rules* above.

¹ This relates to measures disclosed in the 2003-04 budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (MYEFO))

Submarine telecommunications cables - protection

Expense (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	0.6	0.4	0.2	0.2

The Government will provide funding of \$1.4 million over the next four years to increase protection for submarine telecommunications cables through the establishment of protection zones over cables of national importance.

Costs will be recovered from industry, one year in arrears, by the Australian Communications Authority.

See also the related revenue measure titled *Submarine telecommunications cables - protection and cost recovery* below.

Submarine telecommunications cables - protection and cost recovery

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	-	0.6	0.4	0.2

The Government will apply fees and charges to the owners of submarine telecommunications cables of national importance to cover the costs of protecting the cables. Costs will be recovered one year in arrears by the Australian Communications Authority.

See also the related expense measure titled *Submarine telecommunications cables - protection* above.

Freephone and Local Rate telephone number auctions

Expense (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	1.6	0.6	0.4	0.4

The Government will provide \$3 million over four years to establish an internet-based auction system to allocate special business telephone numbers. The telephone numbers affected by this initiative include Freephone (1800-* numbers), Local Rate numbers (1300-* numbers and 13-* numbers) and phonewords phone numbers.

Funding will be provided to allow the Australian Communications Authority to implement and maintain the new auction system, which will include preferential arrangements for charities.

See also the related capital measure titled *Freephone and Local Rate telephone number auctions* below.

Freephone and Local Rate telephone number auctions

Capital (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	nfp	nfp	nfp	nfp

The Government will conduct internet-based auctions to allocate special business telephone numbers. The telephone numbers affected by this initiative include Freephone numbers (1800-*), Local Rate numbers (1300-* and 13-*) and phonewords phone numbers.

The new scheme will include preferential arrangements for charities.

Estimates of the proceeds associated with this measure are unable to be disclosed, as this would be likely to affect the outcomes of the auctions. Instead, estimates have been included in the Contingency Reserve, which aggregates the impact of sensitive measures.

See also the related expense measure titled *Freephone and Local Rate telephone number auctions* above.

Telecommunications competition regulation - cost recovery

Revenue (\$m)	2003-04	2004-05	2005-06	2006-07
Australian Communications Authority	-	5.8	5.6	5.7

The Government will continue the Australian Competition and Consumer Commission's (ACCC's) regulatory role in the telecommunications sector. Charges will continue to be applied to the telecommunications industry to cover the costs of the ACCC. The revenue is collected by the Australian Communications Authority one year in arrears, under the *Telecommunications (Carrier Licence Charges) Act 1997*. Revenue covering expenses incurred in 2002-03 will be collected in 2003-04. Provision for this revenue has already been included in the forward estimates for 2003-04.

See also the related expense measure *Australian Competition and Consumer Commission - telecommunications competition regulation* in the Treasury portfolio.

OUTCOME 1 — RESOURCING

Table 2.1.1 shows how the 2003-04 appropriations translate to total resourcing for Outcome 1, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for ACA).

Table 2.1.1: Total resources for Outcome 1

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	
Administered appropriations	-	-	
Total administered expenses	-	-	(I1)
Departmental appropriations			
Output 1.1 - Managed Regulation of Radiocommunications	26,228	32,544	
Output 1.2 - Managed Regulation of Telecommunications	15,160	11,762	
Output 1.3 - Managed Regulation of Postal Services	722	4,474	
Total revenue from government (appropriations) contributing to price of departmental outputs	42,110 97.4%	48,780 97.5%	(C1)
Revenue from other sources			
Output 1.1 - Managed Regulation of Radiocommunications	1,110	1,219	
Output 1.2 - Managed Regulation of Telecommunications	-	-	
Output 1.3 - Managed Regulation of Postal Services	-	-	
Total revenue from other sources	1,110	1,219	
Total price from departmental outputs (Total revenue from government and from other sources)	43,220	49,999	(E1)
Total estimated resourcing for Outcome 1 (Total price of outputs and administered appropriations)	43,220	49,999	
	2002-03	2003-04	
Average staffing level (number)	301	319	

OUTCOME 1 — CONTRIBUTION OF OUTPUTS

The ACA's output groups of managed regulation of radiocommunications, telecommunications and postal services are underpinned by a set of major strategies for each output, which are relevant to Outcome 1. These strategies are set out below.

Output 1.1 Managed Regulation of Radiocommunications

This output will be delivered by the following strategies.

Major Strategies

- Improve policy development and spectrum planning.
- Increase the efficiency and effectiveness of licensing and monitoring services.
- Encourage a progressive shift to market-based management of spectrum.

Output 1.2 Managed Regulation of telecommunications

This output will be delivered by the following strategies.

Major Strategies

- Enhance the telecommunications regulatory approach.
- Increase the efficiency of licensing and monitoring services.
- Increase the effectiveness of national interest issues management.

Output 1.3 Managed Regulation of Postal services *

* Output is dependent on passage of legislation

PERFORMANCE INFORMATION FOR OUTCOME 1

Table 2.2.1: Performance information for Outcome 1

Effectiveness - Overall achievement of the Outcome	
A regulatory approach that promotes benefits to the end-users and contributes to an efficient and competitive Australian communications industry.	A regulatory approach which promotes competition and continues to provide consumer protection.
Efficiency in the planning, allocation and use of national resources such as radiofrequency spectrum, telecommunications numbering and telecommunications infrastructure.	A competitive communication industry that provides choice to consumers. Efficient planning and allocation processes. A fair return to the community for the use of national resources.
Reduction in the costs of regulation and of the ACA's services.	Lower direct regulatory costs to the extent they are determined by the ACA.
The fostering of industry self regulation in a way which addresses public interest considerations without imposing undue financial and administrative burdens on industry.	That the ACA supports industry in the development of standards and codes which consider appropriate public interest criteria. The extent to which the regulatory burden is minimised, without sacrificing legislative obligations, interference-free operation of communications devices or consumer protection. Timeliness of decisions about code registration and standards making.
Performance information for departmental outputs	
Output 1.1 Managed regulation of radiocommunications	Quality The extent to which spectrum band and other planning mechanisms meet the needs of ACA clients and conform to current ITU and international treaty regulations. The extent to which Australia is able to influence international forums, measured by the number of outcomes that align with Australia's interests. The commencement of new radiocommunication based services is not unnecessarily impeded by regulation or delays in band planning activities.

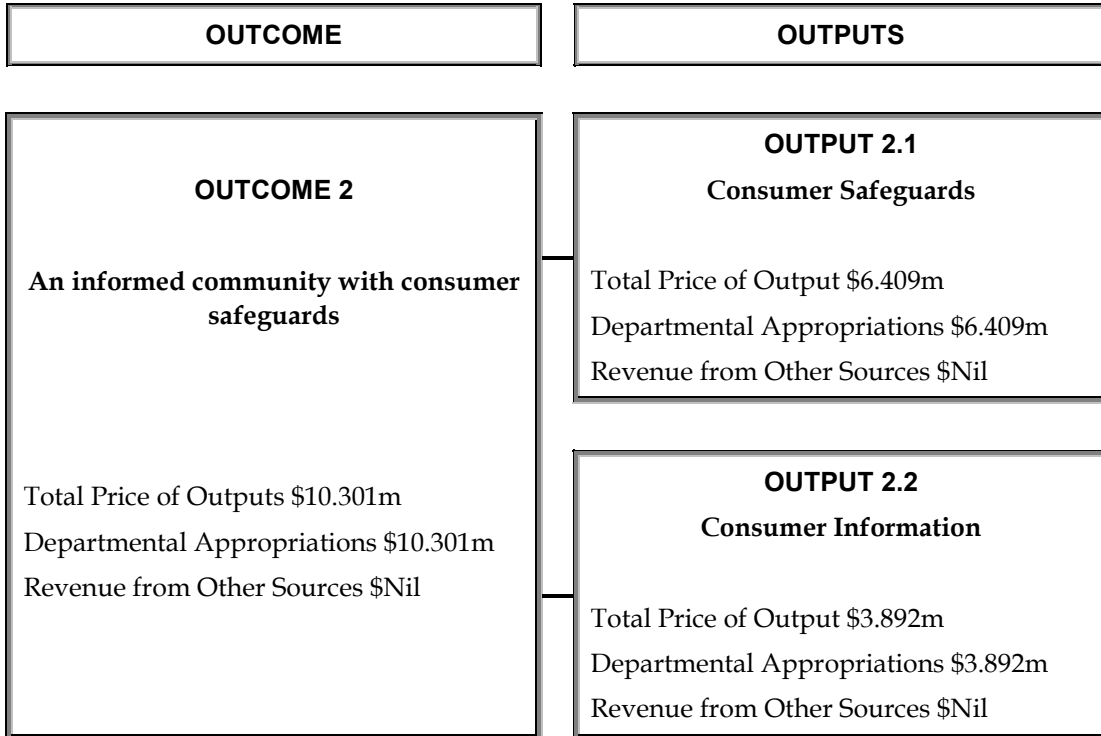
Table 2.2.1: Performance information for Outcome 1 (continued)

Performance information for departmental outputs (continued)	
<p>Output 1.1 Managed regulation of radiocommunications (continued)</p>	<p>Quantity Maintaining customer satisfaction with radiofrequency planning activities at a high level (measured by surveys). Level of contestability in the marketplace measured by the ratio of frequency assignments conducted by the ACA compared to external accredited frequency assigners and the number of device registrations performed by The extent of spectrum licensed through class licensing.</p> <p>Targets and Milestones ACA responses to investigations and interference complaints meets or exceeds the response times identified in the ACA Customer Price-based spectrum allocations are completed within 6 months of the Minister determining competition rules.</p> <p>Price \$33.763m</p>
<p>Output 1.2 Managed regulation of telecommunications</p>	<p>Quality Regulatory action, in terms of timeliness and scope, supports the competitive environment and the long-term interests of end users. ACA compliance programs indicate high levels of industry compliance with regulatory International representation strengthens regional harmonisation outcomes.</p> <p>Quantity The self regulatory regime is effective in delivering operational arrangements and consumer safeguards.</p> <p>Targets and Milestones Industry codes and technical standards that are submitted for registration are considered by the Authority within two months of their lodgement. The collection of Annual Numbering Charges meets revenue targets set by Government. Licensing and other regulatory decisions, including number allocations, are made within statutory timeframes.</p> <p>Price \$11.762m</p>

Table 2.2.1: Performance information for Outcome 1 (continued)

Performance information for departmental outputs (continued)	
Output 1.3	Quality
Managed regulation of postal services	The extent to which customer needs are met in the delivery of postal services. The extent to which reports on quality of services issues are positive. The extent to which there is compliance with performance standards and regulations.
	Quantity
	The extent of monitoring postal service quality through customer surveys and through assessing complaints to the Postal Industry The extent of monitoring and reporting on postal services compliance with the industry performance standards and regulations. The extent of transparency in the costs of providing loss making postal services.
	Price
	\$4.474m

Map 3: Outcome 2 – contributing outputs



Note: Revenue from Government (Appropriations) contributes 100% to the Total Price of Outputs for Outcome 2 for 2003-04.

OUTCOME 2 — DESCRIPTION

An informed community with consumer safeguards

In delivering this Outcome the ACA's key objectives are:

- to ensure the community is well informed about telecommunications matters through a variety of mechanisms;
- to consult with consumers through formal consultative arrangements and to ensure that the long-term interests of end users are demonstrably reflected in ACA decision making;
- to deliver effective consumer protection to consumers as required by legislation;
- to undertake investigation of consumer issues to identify effective measures to address any problems identified;
- to register codes in a timely way, while ensuring that codes address relevant consumer protection and industry issues;
- to ensure effective universal service provision and that monitoring, costing and payment arrangements for the Universal Service Obligation (USO) and National Relay Service (NRS) are effective; and
- to provide an opportunity for competitive service delivery to markets that would otherwise be uneconomic and bring choice to some users of telecommunications services in remote parts of Australia.

Measures affecting Outcome 2²

There are no budget measures affecting Outcome 2 for 2003-2004.

² This means measures disclosed in the 2003-04 budget context (that is, measures agreed since the *Mid-Year Economic and Fiscal Outlook* (MYEFO))

OUTCOME 2 — RESOURCING

Table 2.1.1 shows how the 2003-04 appropriations translate to total resourcing for Outcome 2, including administered expenses, revenue from government (appropriation), revenue from other sources, and the total price of outputs. Cell references **C1**, **E1** and **I1** show the links back to Table 1.1 (the Appropriations and Other Revenue Table for ACA).

Table 2.1.2: Total resources for Outcome 2

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	
Administered appropriations	-	-	
Total administered expenses	-	-	(I1)
Departmental appropriations			
Output 2.1 - Consumer Safeguards	6,286	6,409	
Output 2.2 - Consumer Information	6,122	3,892	
Total revenue from government (appropriations) contributing to price of departmental outputs	12,408	10,301	(C1)
	100%	100%	
Revenue from other sources			
Output 2.1 - Consumer Safeguards	-	-	
Output 2.2 - Consumer Information	-	-	
Total revenue from other sources	-	-	
Total price from departmental outputs (Total revenue from government and from other sources)	12,408	10,301	
Total estimated resourcing for Outcome 2 (Total price of outputs and administered appropriations)	12,408	10,301	(E1)
	2002-03	2003-04	
Average staffing level (number)	90	90	

OUTCOME 2 – CONTRIBUTION OF OUTPUTS

To achieve Outcome 2, the ACA will adopt the following strategies for each output.

Output 2.1 Consumer safeguards

This output will be delivered by the following strategies.

- Continuously improve the code regime.
- Ensure the effectiveness of service provision safeguards.

Output 2.2 Consumer information

This output will be delivered by the following strategies.

- Produce and distribute informative and effective consumer publications.
- Effective management of education campaigns.

PERFORMANCE INFORMATION FOR OUTCOME 2

Table 2.2.2: Performance information for Outcome 2

Effectiveness - Overall achievement of the Outcome	
To ensure the community is well informed about telecommunications matters.	Consumer information products including education campaigns achieve objectives and meet consumer needs.
To deliver effective consumer protection to consumers as required by legislation.	The effectiveness of statutory consumer safeguards is monitored and reported on. Consumer codes developed by ACIF and industry safeguard the interests of consumers.
To ensure effective universal service provision and that monitoring, costing and payment arrangements for the USO and NRS are effective.	An efficient and transparent USO levy regime that accords with legislation. NRS monitoring and payment arrangements are accurate and
Performance information for departmental outputs	
Output 2.1	Quality
Consumer Safeguards	Compliance monitoring, including the delivery of priority assistance arrangements by Telstra, and related regulatory action, including investigations, address compliance with licence conditions, service provider rules and statutory consumer safeguards.
	Quantity
	Performance monitoring, including Telstra's telephony network, demonstrates changes in network reliability and measures of adherence to statutory consumer safeguards.
	Targets and Milestones
	Quarterly and annual performance monitoring reports are delivered on time and meet reporting requirements.
	Price:
	\$6.409m
Output 2.2	Quality
Consumer Information	Each approved consumer information strategy targets areas of poor consumer awareness and results in improved awareness levels. The scope of the on-line Consumer Information Toolkit is expanded.
	Quantity
	Improved distribution arrangements for information products and education programs results in wider effective audience of these
	Price:
	\$3.892m

EVALUATIONS

The ACA will continue its cyclical program of internal organisation reviews.

The purpose of the reviews is to:

- Ensure that the allocation of resources within the ACA is consistent with achievements of Outcomes and Outputs identified in the ACA Corporate Plan and approved business plans; and
- Examine existing business processes within the ACA to determine whether there is scope to introduce efficiencies in operations, including the use of online activities.

Information on planned evaluation activity that relates to the Outcomes is included in Table 2.2.1 and Table 2.2.2 and the results will be shown in the annual report.

Section 3: Budgeted financial statements

ANALYSIS OF BUDGETED FINANCIAL STATEMENTS

The ACA budgeted financial statements for 2003-2004 and the three forward years have not materially changed from 2002-2003 and previous years apart from increases to both revenues from Government and expenses from ordinary activities due to the introduction of new policy proposals for the managed Regulation of Postal Services, Protection Zones for Submarine Cables, Service Provider Rules for Premium Rate Numbers and Auction of freephone and local rate telephone numbers. These are offset by the abolishment of the Capital Use Charge in 2003-2004.

Budgeted revenues and expenses administered on behalf of Government have increased slightly due to indexation and the introduction of new policy proposals listed above. All of the new policy proposals are cost recovered by the ACA.

Estimates of the expected revenue associated with the Auction of freephone and local rate telephone numbers are unable to be individually disclosed as they are likely to affect the revenue raised from the auction. Instead however, estimates have been included in the Contingency Reserve, which aggregates the impact of sensitive measures.

The assets and liabilities of the ACA are expected to remain stable with only minor variations between 2002-2003 and the budget estimates for 2003-2004 and the three forward years.

DEPARTMENTAL FINANCIAL STATEMENTS

Budgeted Departmental Statement of Financial Performance (Operating Statement)

This statement provides a picture of the expected financial results for the Agency by identifying full accrual expenses, accrual revenues and capital use charge, which highlights whether the Agency is operating at a sustainable level.

Budgeted Departmental Statement of Financial Position (Balance Sheet)

This statement shows the financial position of the Agency. It helps decision-makers to track the management of the Agency's assets and liabilities.

Budgeted Departmental Statement of Cash Flows

Budgeted cash flows, as reflected in the statement of cash flows, provides important information on the extent and nature of cash flows by categorising them into expected cash flows from operating activities, investing activities and financing activities.

Departmental Capital Budget Statements

Shows all planned departmental capital expenditure (capital expenditure on non-financial assets), whether funded through capital appropriations for additional equity or borrowings, or from funds from internal sources.

Departmental Non Financial Assets — Summary of Movement

Shows budgeted acquisitions and disposals of non-financial assets during the budget year.

SCHEDULE OF ADMINISTERED ACTIVITY

Schedule of Budgeted Revenues and Expenses Administered on behalf of Government

This schedule identifies the main revenues and expenses administered on behalf of the Government.

Schedule of Budgeted Assets and Liabilities Administered on behalf of Government

This schedule shows the assets and liabilities administered on behalf of the Government.

Schedule of Budgeted Administered Cash Flows

This schedule shows cash flows administered on behalf of the Government.

Schedule of Administered Capital Budget

This schedule shows details of planned administered capital expenditure.

Schedule of Administered Non-financial Assets — Summary of Movement

This schedule discloses details of movement in administered non-financial assets.

Table 3.1: Budgeted departmental statement of financial performance

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
REVENUE					
Revenues from ordinary activities					
Revenues from government	54,518	59,081	55,483	54,818	54,425
Goods and services	410	419	419	420	421
Interest	700	800	900	900	900
Dividends	-	-	-	-	-
Revenue from sales of assets	-	-	-	-	-
Reversals of previous asset w rite-dow ns	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
Total Revenues from ordinary activities	55,628	60,300	56,802	56,138	55,746
EXPENSE					
Expenses from ordinary activities (excluding borrowing costs expense)					
Employees	28,976	32,427	32,930	33,803	33,832
Suppliers	19,250	22,930	19,326	17,105	16,684
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Depreciation and amortisation	4,537	4,909	4,494	5,194	5,194
Write-down of assets	-	-	-	-	-
Value of assets sold	-	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
Total Expenses from ordinary activities (excluding borrowing costs expense)	52,763	60,266	56,750	56,102	55,710
Borrowing costs expense	36	34	52	36	36
Share of net profits/losses of associates and joint ventures accounted for using the equity method	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Operating surplus or deficit from ordinary activities	2,829	-	-	-	-
Gain or loss on extraordinary items	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Net surplus or deficit	2,829	-	-	-	-

**Table 3.1: Budgeted Departmental Statement of Financial Performance
for the period ended 30 June (continued)**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
Capital Use Charge paid *	2,829				
Net surplus or deficit after CUC	-	-	-	-	-
Outside equity interests in net surplus or deficit	-	-	-	-	-
Net surplus or deficit attributable to the Commonwealth	-	-	-	-	-
Net credit (debit) to asset revaluation reserve	-	-	-	-	-
Net exchange difference recognised as a direct debit (credit) to equity	-	-	-	-	-
Adjustments arising from Standards recognised as direct debit (credit) to equity	-	-	-	-	-
Initial adjustments from transitional UIG consensus view recognised as direct debit (credit) to equity	-	-	-	-	-
Total revenues, expenses and valuation adjustments attributable to members of the parent entity and recognised directly in equity	-	-	-	-	-

* The Capital Use Charge will be abolished from 1 July 2003.

Table 3.2: Budgeted departmental statement of financial position

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	13,183	11,432	14,163	13,686	13,495
Receivables	600	600	600	600	600
Investments accounted for under the equity method	-	-	-	-	-
Other investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	13,783	12,032	14,763	14,286	14,095
Non-financial assets					
Land and buildings	9,332	11,624	10,596	9,568	8,540
Infrastructure, plant and equipment	6,904	5,645	4,636	3,627	2,618
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	9,406	10,186	11,029	13,172	15,400
Other	600	600	600	600	600
Total non-financial assets	26,242	28,055	26,861	26,967	27,158
Total assets	40,025	40,087	41,624	41,253	41,253
LIABILITIES					
Interest bearing liabilities					
Loans	-	-	-	-	-
Leases	603	170	1,212	346	346
Deposits	-	-	-	-	-
Overdraft	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	603	170	1,212	346	346
Provisions					
Employees	10,630	11,125	11,620	12,115	12,115
Other	-	-	-	-	-
Total provisions	10,630	11,125	11,620	12,115	12,115
Payables					
Suppliers	-	-	-	-	-
Grants	-	-	-	-	-
Dividends	-	-	-	-	-
Borrowing Costs	-	-	-	-	-
Other	1,180	1,180	1,180	1,180	1,180
Total payables	1,180	1,180	1,180	1,180	1,180
Total liabilities	12,413	12,475	14,012	13,641	13,641

**Table 3.2: Budgeted Departmental Statement of Financial Position
as at 30 June (continued)**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
EQUITY					
Parent entity interest					
Contributed equity	280	280	280	280	280
Reserves	8,444	8,444	8,444	8,444	8,444
Statutory funds	-	-	-	-	-
Retained surpluses or accumulated deficits	18,888	18,888	18,888	18,888	18,888
Total parent entity interest	27,612	27,612	27,612	27,612	27,612
Outside equity interest					
Contributed equity	-	-	-	-	-
Reserves	-	-	-	-	-
Retained surpluses or accumulated deficits	-	-	-	-	-
Total outside equity interest	-	-	-	-	-
Total equity	27,612	27,612	27,612	27,612	27,612
Total assets and liabilities by maturity					
Current assets	14,383	12,632	15,363	14,886	14,695
Non-current assets	25,642	27,455	26,261	26,367	26,558
Current liabilities	6,796	6,827	7,596	7,410	7,410
Non-current liabilities	5,617	5,648	6,416	6,231	6,231

Table 3.3: Budgeted departmental statement of cash flows

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Goods and Services	1,646	419	419	420	421
Appropriations	54,518	59,081	55,483	54,818	54,425
Interest	700	800	900	900	900
Dividends	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	56,864	60,300	56,802	56,138	55,746
Cash used					
Employees	28,481	31,932	32,434	33,308	33,337
Suppliers	21,955	23,363	18,285	17,971	17,179
Grants	-	-	-	-	-
Borrow ing costs	36	34	52	36	36
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	50,472	55,329	50,771	51,315	50,552
Net cash from/ (used by) operating activities	6,392	4,971	6,031	4,823	5,194
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	-	-	-	-	-
Proceeds from sales of financial instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Repayments of loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	5,985	6,722	3,300	5,300	5,385
Purchase of financial Instruments	-	-	-	-	-
Bills of exchange and promissory notes	-	-	-	-	-
Loans made	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	5,985	6,722	3,300	5,300	5,385
Net cash from/ (used by) investing activities	(5,985)	(6,722)	(3,300)	(5,300)	(5,385)

**Table 3.3: Budgeted Departmental Statement of Cash Flows
for the period ended 30 June (continued)**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
FINANCING ACTIVITIES					
Cash received					
Appropriations - contributed equity	280	-	-	-	-
Proceeds from issuing financial instruments	-	-	-	-	-
Proceeds from loans	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash received	280	-	-	-	-
Cash used					
Repayments of debt	-	-	-	-	-
Capital use charge paid	2,829	-	-	-	-
Dividends paid	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total cash used	2,829	-	-	-	-
Net cash from/ (used by) financing activities	(2,549)	-	-	-	-
Net increase/(decrease) in cash held	(2,142)	(1,751)	2,731	(477)	(191)
Cash at the beginning of the reporting period	15,325	13,183	11,432	14,163	13,686
Effect of exchange rate movements on cash at the beginning of reporting period	-	-	-	-	-
Cash at the end of the reporting period	13,183	11,432	14,163	13,686	13,495

Table 3.4: Departmental capital budget statement

Table 3.4: Departmental Capital Budget Statement

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
CAPITAL APPROPRIATIONS					
Total equity injections	280	- (K3) ¹	-	-	-
Total loans	-	- (K3) ¹	-	-	-
Represented by					
Purchase of non-current assets	280	-	-	-	-
Other	-	-	-	-	-
Total	280	-	-	-	-
PURCHASE OF NON CURRENT ASSETS					
Funded by capital appropriation	280	-	-	-	-
Funded internally by Departmental resources	5,705	6,722	3,300	5,300	5,385
Total	5,985	6,722	3,300	5,300	5,385

¹ These two lines link to (K3) in Table 1.1

Table 3.5: Departmental Non-financial Assets — Summary of Movement (Budget year 2003-04)

	Land	Buildings	Specialist military equipment	Other infrastructure plant and equipment	Heritage and cultural assets	Computer software	Other intangibles	Total
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Carrying amount at the start of year	5,234	4,098	-	6,904	-	9,406	-	25,642
Additions	-	3,600	-	500	-	2,622	-	6,722
Disposals	-	-	-	-	-	-	-	-
Revaluation increments	-	-	-	-	-	-	-	-
Recoverable amount write-downs	-	-	-	-	-	-	-	-
Net transfers free of charge	-	-	-	-	-	-	-	-
Depreciation/amortisation expense	-	(1,308)	-	(1,759)	-	(1,842)	-	(4,909)
Write-off of assets	-	-	-	-	-	-	-	-
Carrying amount at the end of year	5,234	6,390	-	5,645	-	10,186	-	27,455
Total additions								
Self funded	-	3,600	-	500	-	2,622	-	6,722
Appropriations	-	-	-	-	-	-	-	-
Total	-	3,600	-	500	-	2,622	-	6,722

Table 3.6: Schedule of budgeted revenues and expenses

Table 3.6: Schedule of Budgeted Revenues and Expenses Administered on behalf of Government for the period ended 30 June

	Estimated actual 2002-03 \$'000	Budget estimates 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
REVENUES					
Taxation					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	115,738	117,808	120,230	122,880	125,777
Total taxation	115,738	117,808	120,230	122,880	125,777
Non-taxation					
Goods and services	-	-	-	-	-
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Net foreign exchange gains	-	-	-	-	-
Revenue from sale of assets	13	-	-	-	-
Other sources of non-taxation revenues	94,544	98,962	98,874	98,377	98,384
Correction of fundamental error	-	-	-	-	-
Total non-taxation	94,557	98,962	98,874	98,377	98,384
Total revenues administered on on behalf of the Government	210,295	216,770	219,104	221,257	224,161
EXPENSES					
Grants	-	-	-	-	-
Subsidies	-	-	-	-	-
Personal benefits	-	-	-	-	-
Employees	-	-	-	-	-
Suppliers	-	-	-	-	-
Depreciation and amortisation	-	-	-	-	-
Write down and impairment of asse	-	-	-	-	-
Value of assets sold	-	-	-	-	-
Net foreign exchange losses	-	-	-	-	-
Interest	-	-	-	-	-
Correction of fundamental error	-	-	-	-	-
Other	-	-	-	-	-
Extraordinary items	-	-	-	-	-
Total expenses administered on behalf of the Government	-	-	-	-	-

Table 3.7: Schedule of Budgeted Assets and Liabilities Administered on behalf of Government as at 30 June

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
ASSETS					
Financial assets					
Cash	-	-	-	-	-
Receivables	27,113	27,516	27,868	28,216	28,596
Investments	-	-	-	-	-
Accrued revenues	-	-	-	-	-
Other	-	-	-	-	-
Total financial assets	27,113	27,516	27,868	28,216	28,596
Non-financial assets					
Land and buildings	-	-	-	-	-
Infrastructure, plant and equipment	-	-	-	-	-
Heritage and cultural assets	-	-	-	-	-
Inventories	-	-	-	-	-
Intangibles	-	-	-	-	-
Other non-financial assets	-	-	-	-	-
Total non-financial assets	-	-	-	-	-
Total assets administered on behalf of the Government	27,113	27,516	27,868	28,216	28,596
LIABILITIES					
Interest bearing liabilities					
Commonwealth securities	-	-	-	-	-
Loans	-	-	-	-	-
Leases	-	-	-	-	-
Deposits	-	-	-	-	-
Overdrafts	-	-	-	-	-
Other	-	-	-	-	-
Total interest bearing liabilities	-	-	-	-	-
Provisions					
Employees	-	-	-	-	-
Taxation refunds provided	-	-	-	-	-
Australian currency on issue	-	-	-	-	-
Other Provisions	-	-	-	-	-
Total provisions	-	-	-	-	-
Payables					
Suppliers	-	-	-	-	-
Grants and subsidies	-	-	-	-	-
Personal benefits payable	-	-	-	-	-
Taxation refunds due	-	-	-	-	-
Other payables	1,502	1,502	1,512	1,512	1,513
Total payables	1,502	1,502	1,512	1,512	1,513
Total liabilities administered on behalf of the Government	1,502	1,502	1,512	1,512	1,513

Table 3.8: Schedule of budgeted administered cash flows

**Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
OPERATING ACTIVITIES					
Cash received					
Income tax	-	-	-	-	-
Indirect tax	-	-	-	-	-
Other taxes, fees and fines	115,738	117,808	120,230	122,880	125,777
Sale of goods and services	94,544	98,559	98,532	98,029	98,005
Interest	-	-	-	-	-
Dividends	-	-	-	-	-
Cash from Official Public Account -					
Appropriations	-	-	-	-	-
Special Accounts	-	-	-	-	-
Other	-	-	-	-	-
Transfer from other entities					
(Finance - WOG)	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	210,282	216,367	218,762	220,909	223,782
Cash used					
Borrow ing costs	-	-	-	-	-
Employees	-	-	-	-	-
Grant payments	-	-	-	-	-
Interest paid	-	-	-	-	-
Subsidies paid	-	-	-	-	-
Personal benefits	-	-	-	-	-
Suppliers	-	-	-	-	-
Cash to Official Public Account from -					
Appropriations	-	-	-	-	-
Special Accounts	-	-	-	-	-
Other	211,491	216,367	218,762	220,909	223,782
Transfers to other entities					
(Finance - WOG)	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	211,491	216,367	218,762	220,909	223,782
Net cash from/(used by) operating activities	(1,209)	-	-	-	-

**Table 3.8: Schedule of Budgeted Administered Cash Flows
for the period ended 30 June (continued)**

	Estimated actual 2002-03 \$'000	Budget estimate 2003-04 \$'000	Forw ard estimate 2004-05 \$'000	Forw ard estimate 2005-06 \$'000	Forw ard estimate 2006-07 \$'000
INVESTING ACTIVITIES					
Cash received					
Proceeds from sales of property, plant and equipment and intangibles	13	-	-	-	-
Proceeds from sales of equity instruments	-	-	-	-	-
Proceeds from sales of investments	-	-	-	-	-
Repayments of advances	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Transfers from Other Entities	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	13	-	-	-	-
Cash used					
Purchase of property, plant and equipment and intangibles	-	-	-	-	-
Purchase of equity instruments	-	-	-	-	-
Advances and loans made	-	-	-	-	-
Cash to Official Public Account	13	-	-	-	-
Transfers to Other Entities	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	13	-	-	-	-
Net cash from/(used by) investing activities	-	-	-	-	-
FINANCING ACTIVITIES					
Cash received					
Proceeds from borrow ing	-	-	-	-	-
Cash from Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash received	-	-	-	-	-
Cash used					
Net repayment of borrow ings	-	-	-	-	-
Dividends paid	-	-	-	-	-
Cash to Official Public Account	-	-	-	-	-
Other	-	-	-	-	-
Total cash used	-	-	-	-	-
Net cash from/(used by) financing activities	-	-	-	-	-
Net increase (decrease) in cash held	(1,209)	-	-	-	-
Cash at beginning of reporting period	1,209	-	-	-	-
Effect of exchange rate movements on cash at beginning of reporting period	-	-	-	-	-
Cash at end of reporting period	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Basis of accounting

The agency budget statements are prepared in compliance with Australian Accounting Standards, Accounting Guidance Releases and having regard to Statements of Accounting Concepts.

The ACA Statement of Financial Performance and Financial Position are prepared on an accrual basis and are in accordance with historical cost convention, except for certain assets, which are at valuation.

Assets and liabilities are recognised in the ACA Statement of Financial Position when and only when it is probable that future economic benefits will flow and the amounts of the assets and liabilities can be reliably measured.

Revenues and expenses are recognised in the ACA Statement of Financial Performance when and only when the flow or consumption or loss of economic benefits has occurred and can be reliably measured.

Departmental

Budgeted Departmental Statement of Financial Performance

Revenue

The revenues described in this note are the revenues relating to the core operating activities of the ACA.

Revenue from the sale of goods is recognized upon the delivery of goods to customers.

Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets.

The full amount of the appropriation for departmental outputs for the year is recognized as revenue.

Expenses from Ordinary Activities

Depreciation and Amortisation

Depreciable property plant and equipment assets are written-off to their estimated residual values over their estimated useful lives to the ACA using, in all cases, the straight-line method of depreciation. Leasehold improvements are amortised on a straight-line basis over the lesser of the estimated useful life of the improvements or the unexpired period of the lease.

Depreciation/amortisation rates (useful lives) and methods are reviewed at each balance date and necessary adjustments are recognised in the current, or current and future reporting periods, as appropriate. Residual values are re-estimated for a change in prices only when assets are revalued.

There is an increase in depreciation and amortisation over the reporting period due mainly to the acquisition of computer software such as a debtors information management system, radiocommunications planning tools software, technical equipment and lease incentive assets relating to both the ACA's Canberra and Melbourne offices.

Borrowing Costs Expense

These expenses are related to the ACA's IT outsourcing finance lease and the lease incentives to the ACA's Canberra and Melbourne accommodation.

Budgeted Departmental Statement of Financial Position

Assets

Cash at Bank

The cash at bank balance steadily increases to enable the replacement of the ACA's radiocommunication planning tools software, and other information management systems.

Intangibles

Intangibles include computer software such as ACA's radiocommunications planning tools software and licences, and financial information management system.

Land and Buildings

Purchases of property, plant and equipment are recounted initially at cost in the Statement of Financial Position, except for purchases costing less than \$2,000, which are expensed in the year of acquisition (other than where they form part of a group of similar items which are significant in total).

In regard to leasehold improvements, the forecasts include lease incentive assets such as fit-outs of premises in relation to the ACA's Canberra and Melbourne accommodation.

Asset valuation

From 1 July 2002 Commonwealth agencies and authorities are required to use either the cost basis or the fair value basis to measure Property, Plant and Equipment. The shift from the deprival method of valuation to fair value should occur gradually over a three-year period. Fair value essentially reflects the current market value of an asset.

Liabilities

Employee Entitlements

The liability for employee entitlements includes provision for annual leave and long service leave. The liability for annual leave reflects the value of total annual leave entitlements of all employees and is recognized at its nominal value.

The non-current portion of the liability for long service leave is recognized and measured at the present value of the estimated future cash flows to be made in respect of all employees at 30 June. In determining the present value of the liability, the ACA has taken into account attrition rates and pay increases through promotion and inflation.

Leases and Lease Incentives

The ACA entered into a sale and leaseback transaction of certain IT assets on 26 June 2000. The IT equipment provided to and used by the ACA includes desktop computers, midrange and other equipment. The IT outsourcing contract has been accounted for as a finance lease in accordance with AAS 17, *Leases*.

The forecasts include lease incentive assets and liabilities in relation to the ACA's Canberra and Melbourne offices.

Administered

The ACA administers the collection of radiocommunications and telecommunications fees on behalf of the Commonwealth. The fees are not directly available to be used by the ACA for its own purposes and are remitted to the Commonwealth's Official Public Account. Transactions and balances relating to these fees are reported as Administered Items.

Budgeted Administered Statement of Financial Performance

Administered Revenue

All revenues described are revenues relating to the core operating activities performed by the ACA on behalf of the Commonwealth.

Radiocommunication and telecommunication fees collected by the ACA are recognised as revenue when the economic activity of the fee payer takes place that gives rise to the Commonwealth's right to the fees.

Departmental Financial Statements and Notes Administered Items

Under the Commonwealth's accrual budgeting framework, and consistent with Australian Accounting Standards, transactions that agencies control (departmental transactions) are separately budgeted for and reported on from transactions agencies

do not have control over (Administered transactions). This ensures that agencies are only held fully accountable for the transactions over which they have control.

Departmental assets, liabilities, revenues and expenses in relation to an agency or Authority are those which are controlled by the agency. Departmental expenses include employee and supplier expenses and other administrative costs, which are incurred by the agency in providing its goods and services.

Administered items are revenues, expenses, assets and liabilities which are managed by an agency or Authority on behalf of the Government according to set Government directions.

Administered expenses include subsidies, grants and personal benefits payments.

Administered revenues include taxes, fees, fines and excises.

Appropriations in the Accrual Budgeting Framework

Under the Commonwealth's accrual budgeting framework, separate annual appropriations are provided for:

- Departmental price of outputs appropriations: representing the Government's purchase of outputs from agencies;
- Departmental capital appropriations: for investments by the Government for either additional equity or loans in agencies;
- Administered expense appropriations: for the estimated Administered expenses relating to an existing outcome, a new outcome or a Specific Purpose Payment to the states; and
- Administered capital appropriations: for increases in Administered equity through funding non-expense Administered payments.

Special appropriations continue under the accrual appropriation framework, and fund the majority of payments from the Consolidated Revenue Fund.

Capital Use Charge

The Government has agreed to discontinue the Capital Use Charge from 1 July 2003.

Section 4: Purchaser/Provider and Cost Recovery arrangements

PURCHASER/PROVIDER ARRANGEMENTS

The ACA does not have any Purchaser/Provider arrangements with any other agency.

COST RECOVERY ARRANGEMENTS

The Department of Finance and Administration announced the Government's new Cost Recovery Policy in Finance Circular No 2002/02. Attachment A to that circular contained a schedule for the preparation of Cost Recovery Impact Statement (CRIS) by agencies. Under this schedule the ACA is required to prepare its CRIS in 2005-2006. Consequently the ACA will not be in a position to publish a summary of its CRIS until that year.